

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1945 – HB 1530**

February 26, 2009

**SUMMARY OF BILL:** Authorizes Class C and Class D school buses to be kept in service up to 20 years, provided that a semi-annual safety inspection is completed. Currently, a Class C bus may be kept in service up to 15 years with semi-inspections and an annual waiver must be granted to continue bus operation after 12 years of service. State Board of Education policy states that a Class D bus may be kept in service up to 17 years and not exceeding more than 150,000 service miles. Generally Class D buses are also retired at the 15<sup>th</sup> year of service.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Not Significant**

**Decrease Local Expenditures – Net Impact - Exceeds  
\$1,000,000/Permissive Over Time**

**Other Fiscal Impact – If transportation costs decrease as a result of LEAs choosing not to purchase new or used school buses, the BEP formula will generate less funding over time, thus decreasing state BEP and local BEP match expenditures.**

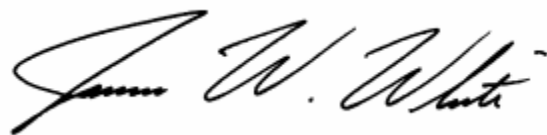
**Assumptions:**

- According to the Department of Education, approximately 106 Class C (up to 66 passenger) buses are currently at the maximum 15<sup>th</sup> year of service. Approximately 223 Class D (70+ passenger) buses are at the their 15<sup>th</sup>, 16<sup>th</sup>, or 17<sup>th</sup> year of service. If all 329 (106 + 223) buses are kept in service for the 2009-10 school year, approximately two buses per LEA will be kept in service that would otherwise have been retired (329/136 LEAs = 2.4).
- The Department of Safety (DOS) performs all school bus inspections.

- Currently Class C buses are inspected once annually until their 12<sup>th</sup> year of service, after which Class C buses are inspected semi-annually. Class D buses are inspected annually throughout their service life.
- If a bus reaches the end of the allowable service life, the LEA has three options. The LEA may choose to perform repairs and keep the bus in service longer. The LEA may buy a new bus or the LEA may retire the current bus and buy a used one. It is unknown which option a LEA will perform.
- A new class C bus costs approximately \$60,000 and a new class D bus costs approximately \$75,000. It is unknown what the average cost for a used bus is since it will be dependent upon the age and condition of the bus.
- It is unknown what the average maintenance cost for buses reaching the 12<sup>th</sup> year of service and beyond is, however it is estimated that the cost for the purchase of a new or used bus is more expensive than the cost of repairs for continued service.
- Though the exact cost ratio of bus purchases to bus repairs is unknown, it is estimated that there will be a net decrease in local expenditures exceeding \$1,000,000 as a result of LEAs keeping buses in service longer rather than buying a new or used bus. Any change in LEA expenditures will be permissive.
- The Department of Safety (DOS) performs all school bus inspections.
- Any increase in state expenditures to perform additional inspections is estimated to be not significant. Dependent upon multiple unknown factors, the DOS may require additional inspection personnel, however it is not anticipated that the DOS will need such personnel in FY09-10.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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